



Billing Code 4120-67
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-5668-N-01]

**Final Fair Market Rents for the Housing Choice Voucher Program
for Small Area Fair Market Rent Demonstration Program Participants
Fiscal Year 2013**

AGENCY: Office of the Assistant Secretary for Policy Development and Research, HUD.

ACTION: Notice of Final Fiscal Year (FY) 2013 Fair Market Rents (FMRs) for selected Public Housing Authorities (PHAs) participating in the Small Area FMR Demonstration.

SUMMARY: Section 8(c)(1) of the United States Housing Act of 1937 (USHA) requires the Secretary to publish FMRs periodically, but not less than annually, adjusted to be effective on October 1 of each year. This notice publishes the FMRs for the Housing Choice Voucher (HCV) Program for those PHAs selected to participate in the Small Area FMR Demonstration Program. Only those PHAs that have agreed to participate in the Demonstration are authorized to use these Small Area FMRs within their metropolitan operating areas.

DATES: *Effective Date:* The FMRs published in this notice are effective on October 1, 2012.

FOR FURTHER INFORMATION CONTACT: For general information regarding FMRs, please call the HUD USER information line at 800-245-2691 or access the information on the HUD USER website <http://www.huduser.org/portal/datasets/fmr.html>.

Questions related to use of Small Area FMRs or voucher payment standards should be directed to the respective local HUD program staff. Technical questions concerning the methodology used to develop Small Area FMRs may be addressed to Geoffrey B. Newton or Peter B. Kahn, Economic and Market Analysis Division, Office of Economic Affairs, Office of Policy Development and Research, telephone 202-708-0590. Persons with hearing or speech impairments may access this number through TTY by

calling the toll-free Federal Relay Service at 800-877-8339. (Other than the HUD USER information line and TDD numbers, telephone numbers are not toll-free.)

Electronic Data Availability: This Federal Register notice is available electronically from the HUD User page at <http://www.huduser.org/datasets/fmr.html>. Federal Register notices also are available electronically from <http://www.gpoaccess.gov/fr/index.html>, the U.S. Government Printing Office website. Complete documentation of the methodology and data used to compute each area's final FY 2013 FMRs is available at <http://www.huduser.org/portal/datasets/fmr/fmrs/docsy.html&data=fmr13>. Final FY 2013 FMRs are available in a variety of electronic formats at <http://www.huduser.org/portal/datasets/fmr.html>.

SUPPLEMENTARY INFORMATION

I. Background

Section 8 of the USHA (42 U.S.C. 1437f) authorizes housing assistance to aid lower-income families in renting safe and decent housing. Housing assistance payments are limited by FMRs established by HUD for different geographic areas. In the HCV program, the FMR is the basis for determining the "payment standard amount" used to calculate the maximum monthly subsidy for an assisted family (see 24 CFR 982.503). In general, the FMR for an area is the amount that would be needed to pay the gross rent (shelter rent plus utilities) of privately owned, decent, and safe rental housing of a modest (non-luxury) nature with suitable amenities. In addition, all rents subsidized under the HCV program must meet reasonable rent standards. Small Area FMRs (SAFMRs) are subject to all of the same rules and regulations that govern the use of all other FMRs.

II. Procedures for the Development of FMRs

Section 8(c) of the USHA requires the Secretary of HUD to publish FMRs periodically, but not less frequently than annually. Section 8(c) states, in part, as follows:

Proposed fair market rentals for an area shall be published in the Federal Register with reasonable time for public comment and shall become effective upon the date of publication in final form in the Federal Register. Each fair market rental in effect under this subsection shall be adjusted to be effective on October 1 of each year to reflect changes, based on the most recent available data trended so the rentals will be current for the year to which they apply, of rents for existing or newly constructed rental dwelling units, as the case may be, of various sizes and types in this section.

III. Small Area Fair Market Rents

Small Area FMRs represent a fundamentally different way of operating the voucher program in metropolitan areas; therefore, HUD is testing SAFMRs through a demonstration program to better understand the programmatic impacts of changing the way voucher payment standards are set. The purpose of the demonstration program is two-fold: (1) HUD needs to evaluate the demonstration project in terms of effectiveness in meeting the primary goal of improving tenants' housing choices in areas of opportunity while also assessing the impact on tenants in areas with SAFMRs below the metropolitan-wide FMR, and (2) HUD wants to understand and evaluate the administrative and budget impacts of converting and operating the tenant-based voucher program using SAFMRs.

SAFMRs are calculated using a rent ratio determined by dividing the median gross rent across all bedrooms for the small area (a ZIP code) by the similar median gross rent for the metropolitan area covering the ZIP code. This rent ratio is multiplied by the current two- bedroom rent for the entire metropolitan area containing the small area to generate the current year two-bedroom SAFMR. In small areas where the median gross rent is not statistically reliable, HUD substitutes the median gross rent for the county containing the ZIP code in the numerator of the rent ratio calculation. The methodology used to

determine the two-bedroom rent for the entire metropolitan area is identical to the methods used to calculate FY 2013 FMRs.

For FY 2013 SAFMRs, HUD has implemented two changes to the rent ratio calculation methodology. First, HUD has updated the 2005-2009 5-year ACS based ZIP code median gross rent data with 2006-2010 5-year ZIP Code Tabulation Area (ZCTA) median gross rent data. The use of the more current ACS data is consistent with the update process in the FMR methodology. However, the change from ZIP code to ZCTA was a change that the Bureau of the Census made for its aggregation process. The Census Bureau required the change to ZCTA data from ZIP code data because ZCTAs are a standard Census geography. Furthermore, The Census Bureau will not continue to support both ZIP code and ZCTA based tabulations due to concerns that ACS respondents' confidentiality could be compromised. Second, HUD expanded the criteria for determining the statistical reliability of the small area rent data in order to ensure that more SAFMRs are based on the data collected from the small area as opposed to using data from the parent county as a proxy. This change is consistent with the changes in the FMR methodology that eliminated the use of the statistical Z-test.¹

IV. Small Area FMR Demonstration Invitation Process

HUD set out to create fair treatment and control groups of PHAs to objectively evaluate the impacts of SAFMRs. Eligible PHAs, as described below, were stratified into eight groups for local PHAs, with one additional group for state PHAs that met the criteria. HUD randomly selected which PHAs within each group would be offered the opportunity to participate and a monetary incentive to do so. No PHA was compelled to participate, and no PHA could participate unless randomly selected to receive the offer.

HUD's Office of Policy Development and Research (PD&R) compiled statistics on PHAs, and in

¹ HUD has provided numerous detailed accounts of the calculation methodology used for Small Area Fair Market Rents. Please see our Federal Register notice of April 20, 2011 (76 FR 22125) for more information regarding the calculation methodology. Also, HUD's Final FY 2013 FMR documentation system available at (<http://www.huduser.org/portal/datasets/fmr/fmrs/docsys.html&data=fmr13>) contains detailed calculations for each ZIP code area in which Small Area FMR Demonstration participants operate.

consultation with HUD’s Public and Indian Housing (PIH) Office of Housing Voucher Programs, produced a list of PHAs eligible for random selection to participate in the Small Area FMR Demonstration. The set of eligible PHAs is defined as follows: (1) metropolitan PHAs that have at least 500 voucher tenants, (2) have at least 10 voucher tenants living in ZIP codes where the SAFMR exceeds the metropolitan FMR by more than 10 percent; (3) have at least 10 voucher tenants living in ZIP codes where the small area FMR is more than 10 percent below the metropolitan FMR; (4) have attained at least 95 percent voucher family reporting in the PIH Information Center (PIC); (5) are not “troubled” as determined by SEMAP; (6) have the administrative capacity as determined by PIH’s Office of Field Operations; and (7) not be involved in litigation that would seriously impede their ability to administer the vouchers.

Participating PHAs (and alternates) were randomly selected from stratified sets of eligible PHAs. Selected PHAs were presented with the participation agreement, including an offer of supplemental administrative fees to cover the necessary expenses they will have to incur, and given the option to decline to participate. These fees are only to be used for administrative expenses related to the implementation of Small Area FMRs and in no way used for Housing Assistance Payments. If a PHA declined to participate, an offer was presented to the next alternate until the full slate of demonstration PHAs was established.

V. Small Area FMR Demonstration Participants

Following the process of presenting invitations to eligible PHAs, the following have agreed to participate in the Demonstration²:

1. The Chattanooga (TN) Housing Authority
2. The Housing Authority of the City of Laredo (TX)
3. The Housing Authority of the City of Long Beach (CA)
4. The Housing Authority of the County of Cook (IL)

² Additionally, all PHAs operating within the Dallas, TX HUD Metropolitan FMR Area will continue to manage their voucher programs using Small Area FMRs. These Small Area FMRs were released in a previous Federal Register Notice.

5. The Town of Mamaroneck (NY) Public Housing Agency

The ZIP Code-level Small Area FMRs for all known and anticipated metropolitan ZIP codes for these five PHAs are included in Schedule B of this Notice. Additional SAFMRs are available at in the Small Area FMR section of <http://www.huduser.org/portal/datasets/fmr.html>.

VI. Environmental Impact

This Notice involves the establishment of Fair Market Rent schedules, which do not constitute a development decision affecting the physical condition of specific project areas or building sites. Accordingly, under 24 CFR 50.19(c)(6), this Notice is categorically excluded from environmental review under the National Environmental Policy Act of 1969 (42 U.S.C. 4321).

Accordingly, the Fair Market Rent Schedules, which will not be codified in 24 CFR part 888, are proposed to be amended as shown in the Appendix to this notice:

Dated: October 23, 2012

Erika C. Poethig
Acting Assistant Secretary
for Policy Development and Research

[FR-5668-N-01]

SCHEDULE B - FY 2013 SMALL AREA FAIR MARKET RENTS FOR DEMONSTRATION PARTICIPANTS

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The Housing Authority of the City of Long Beach

ZIP Codes	0 BR	1 BR	2 BR	3 BR	4 BR	ZIP Codes	0 BR	1 BR	2 BR	3 BR	4 BR
90802	730	900	1170	1600	1800	90803	950	1160	1510	2070	2320
90804	810	1000	1300	1780	2000	90805	770	940	1230	1690	1890
90806	750	910	1190	1630	1830	90807	860	1060	1380	1890	2120
90808	1020	1250	1630	2230	2500	90810	750	910	1190	1630	1830
90813	690	840	1100	1510	1690	90815	1100	1350	1760	2410	2700
90822	870	1070	1390	1910	2130						

The Housing Authority of County of Cook

the ZIP Codes	0 BR	1 BR	2 BR	3 BR	4 BR	ZIP Codes	0 BR	1 BR	2 BR	3 BR	4 BR
60004	850	970	1150	1470	1710	60005	780	890	1050	1340	1560
60006	720	820	970	1240	1440	60007	750	850	1010	1290	1500
60008	820	930	1100	1400	1630	60009	720	820	970	1240	1440
60010	1050	1200	1420	1810	2110	60011	720	820	970	1240	1440
60016	740	840	1000	1270	1490	60017	720	820	970	1240	1440
60018	630	720	850	1080	1260	60019	720	820	970	1240	1440
60022	970	1100	1300	1660	1930	60025	820	930	1100	1400	1630
60026	950	1080	1280	1630	1900	60029	720	820	970	1240	1440
60038	720	820	970	1240	1440	60043	720	820	970	1240	1440
60053	840	950	1130	1440	1680	60055	720	820	970	1240	1440
60056	710	810	960	1220	1430	60062	910	1030	1220	1560	1810
60065	720	820	970	1240	1440	60067	850	960	1140	1450	1690
60068	880	1000	1190	1520	1770	60070	750	850	1010	1290	1500
60074	760	870	1030	1310	1530	60076	870	990	1170	1490	1740
60077	800	910	1080	1380	1610	60078	720	820	970	1240	1440
60082	720	820	970	1240	1440	60089	970	1100	1300	1660	1930
60090	770	880	1040	1330	1550	60091	1080	1220	1450	1850	2150
60093	1040	1180	1400	1780	2080	60094	720	820	970	1240	1440
60095	720	820	970	1240	1440	60103	910	1030	1220	1560	1810
60104	710	810	960	1220	1430	60107	1080	1220	1450	1850	2150
60120	720	820	970	1240	1440	60130	700	790	940	1200	1400
60131	610	690	820	1050	1220	60133	760	860	1020	1300	1520
60141	720	820	970	1240	1440	60153	720	820	970	1240	1440
60154	970	1100	1310	1670	1950	60155	610	690	820	1050	1220
60159	720	820	970	1240	1440	60160	640	730	860	1100	1280
60161	720	820	970	1240	1440	60162	620	710	840	1070	1250
60163	740	840	1000	1270	1490	60164	620	700	830	1060	1230
60165	680	770	910	1160	1350	60168	720	820	970	1240	1440
60169	780	890	1050	1340	1560	60171	650	730	870	1110	1290
60172	770	880	1040	1330	1550	60173	900	1020	1210	1540	1800
60176	670	760	900	1150	1340	60179	720	820	970	1240	1440
60192	1080	1220	1450	1850	2150	60193	880	1000	1190	1520	1770

SCHEDULE B - FY 2013 SMALL AREA FAIR MARKET RENTS FOR DEMONSTRATION PARTICIPANTS

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The Housing Authority of the County of Cook continued

ZIP Codes	0	BR	1	BR	2	BR	3	BR	4	BR	ZIP Codes	0	BR	1	BR	2	BR	3	BR	4	BR
60194.....	900	1020	1210	1540	1800		60195				910	1040	1230	1570	1830						
60196.....	720	820	970	1240	1440		60201				920	1050	1240	1580	1840						
60202.....	800	910	1080	1380	1610		60203				1070	1210	1440	1840	2140						
60204.....	720	820	970	1240	1440		60208				720	820	970	1240	1440						
60209.....	720	820	970	1240	1440		60290				720	820	970	1240	1440						
60301.....	880	1000	1190	1520	1770		60302				720	820	970	1240	1440						
60303.....	720	820	970	1240	1440		60304				680	780	920	1170	1370						
60305.....	710	810	960	1220	1430		60402				670	760	900	1150	1340						
60406.....	620	700	830	1060	1230		60409				670	760	900	1150	1340						
60411.....	680	780	920	1170	1370		60412				720	820	970	1240	1440						
60415.....	660	750	890	1130	1320		60419				770	880	1040	1330	1550						
60422.....	1080	1220	1450	1850	2150		60425				700	790	940	1200	1400						
60426.....	730	830	980	1250	1460		60428				920	1050	1240	1580	1840						
60429.....	910	1040	1230	1570	1830		60430				680	780	920	1170	1370						
60438.....	670	760	900	1150	1340		60439				650	730	870	1110	1290						
60443.....	890	1010	1200	1530	1780		60445				660	750	890	1130	1320						
60452.....	700	790	940	1200	1400		60453				700	790	940	1200	1400						
60454.....	720	820	970	1240	1440		60455				650	730	870	1110	1290						
60456.....	470	530	630	800	940		60457				650	740	880	1120	1310						
60458.....	710	800	950	1210	1410		60459				710	800	950	1210	1410						
60461.....	720	820	970	1240	1440		60462				740	840	1000	1270	1490						
60463.....	1080	1220	1450	1850	2150		60464				1080	1220	1450	1850	2150						
60465.....	710	810	960	1220	1430		60466				710	800	950	1210	1410						
60467.....	1080	1220	1450	1850	2150		60469				790	890	1060	1350	1580						
60471.....	760	870	1030	1310	1530		60472				650	730	870	1110	1290						
60473.....	1070	1210	1440	1840	2140		60475				620	710	840	1070	1250						
60476.....	620	700	830	1060	1230		60477				730	830	980	1250	1460						
60478.....	1080	1220	1450	1850	2150		60480				620	710	840	1070	1250						
60482.....	680	770	910	1160	1350		60487				840	950	1130	1440	1680						
60499.....	720	820	970	1240	1440		60501				670	760	900	1150	1340						
60513.....	760	860	1020	1300	1520		60521				850	970	1150	1470	1710						
60525.....	700	790	940	1200	1400		60526				760	870	1030	1310	1530						
60527.....	790	900	1070	1360	1590		60534				680	780	920	1170	1370						
60546.....	650	740	880	1120	1310		60558				720	820	970	1240	1440						
60601.....	1080	1220	1450	1850	2150		60602				1080	1220	1450	1850	2150						
60603.....	1080	1220	1450	1850	2150		60604				1080	1220	1450	1850	2150						
60605.....	1080	1220	1450	1850	2150		60606				1080	1220	1450	1850	2150						
60607.....	1000	1140	1350	1720	2010		60608				600	680	810	1030	1200						
60609.....	620	710	840	1070	1250		60610				950	1080	1280	1630	1900						
60611.....	1080	1220	1450	1850	2150		60612				750	850	1010	1290	1500						
60613.....	840	950	1130	1440	1680		60614				950	1080	1280	1630	1900						
60615.....	690	780	930	1190	1380		60616				690	780	930	1190	1380						

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The Housing Authority of the County of Cook continued

ZIP Codes	0	BR	1	BR	2	BR	3	BR	4	BR	ZIP Codes	0	BR	1	BR	2	BR	3	BR	4	BR
60617.....	620	710	840	1070	1250		60618				740	840	1000	1270	1490						
60619.....	630	720	850	1080	1260		60620				660	750	890	1130	1320						
60621.....	660	750	890	1130	1320		60622				840	950	1130	1440	1680						
60623.....	610	690	820	1050	1220		60624				740	840	1000	1270	1490						
60625.....	710	810	960	1220	1430		60626				650	730	870	1110	1290						
60628.....	730	830	980	1250	1460		60629				680	770	910	1160	1350						
60630.....	710	810	960	1220	1430		60631				760	860	1020	1300	1520						
60632.....	630	720	850	1080	1260		60633				650	740	880	1120	1310						
60634.....	710	800	950	1210	1410		60636				710	800	950	1210	1410						
60637.....	690	780	930	1190	1380		60638				660	750	890	1130	1320						
60639.....	700	790	940	1200	1400		60640				650	730	870	1110	1290						
60641.....	670	760	900	1150	1340		60642				830	940	1120	1430	1660						
60643.....	690	780	930	1190	1380		60644				660	750	890	1130	1320						
60645.....	730	830	980	1250	1460		60646				700	790	940	1200	1400						
60647.....	740	840	1000	1270	1490		60649				620	710	840	1070	1250						
60651.....	740	840	990	1260	1470		60652				760	860	1020	1300	1520						
60653.....	570	650	770	980	1140		60654				1080	1220	1450	1850	2150						
60655.....	680	780	920	1170	1370		60656				760	860	1020	1300	1520						
60657.....	880	1000	1190	1520	1770		60659				720	820	970	1240	1440						
60660.....	640	730	860	1100	1280		60661				1070	1210	1440	1840	2140						
60664.....	720	820	970	1240	1440		60666				720	820	970	1240	1440						
60668.....	720	820	970	1240	1440		60669				720	820	970	1240	1440						
60670.....	720	820	970	1240	1440		60673				720	820	970	1240	1440						
60674.....	720	820	970	1240	1440		60675				720	820	970	1240	1440						
60677.....	720	820	970	1240	1440		60678				720	820	970	1240	1440						
60680.....	720	820	970	1240	1440		60681				720	820	970	1240	1440						
60682.....	720	820	970	1240	1440		60684				720	820	970	1240	1440						
60685.....	720	820	970	1240	1440		60686				720	820	970	1240	1440						
60687.....	720	820	970	1240	1440		60688				720	820	970	1240	1440						
60689.....	720	820	970	1240	1440		60690				720	820	970	1240	1440						
60691.....	720	820	970	1240	1440		60693				720	820	970	1240	1440						
60694.....	720	820	970	1240	1440		60695				720	820	970	1240	1440						
60696.....	720	820	970	1240	1440		60697				720	820	970	1240	1440						
60699.....	720	820	970	1240	1440		60701				720	820	970	1240	1440						
60706.....	650	740	880	1120	1310		60707				680	770	910	1160	1350						
60712.....	1080	1220	1450	1850	2150		60714				710	800	950	1210	1410						
60803.....	630	720	850	1080	1260		60804				620	700	830	1060	1230						
60805.....	750	850	1010	1290	1500		60827				710	810	960	1220	1430						

SCHEDULE B - FY 2013 SMALL AREA FAIR MARKET RENTS FOR DEMONSTRATION PARTICIPANTS

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Town of Mamaroneck Public Housing Agency

SCHEDULE B - FY 2013 SMALL AREA FAIR MARKET RENTS FOR DEMONSTRATION PARTICIPANTS

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Chattanooga Housing Authority

ZIP Codes	0	BR	1	BR	2	BR	3	BR	4	BR	ZIP Codes	0	BR	1	BR	2	BR	3	BR	4	BR
37302	460		550		690		940		1060		37308	490		590		740		1010		1130	
37311	490		590		740		1010		1130		37315	490		590		740		1010		1130	
37336	450		540		670		910		1030		37341	650		780		970		1320		1490	
37343	530		640		790		1070		1210		37350	490		590		740		1010		1130	
37351	550		670		830		1130		1270		37353	480		580		720		980		1100	
37363	530		640		800		1090		1230		37373	480		580		720		980		1100	
37377	530		640		790		1070		1210		37379	510		620		770		1050		1180	
37384	490		590		740		1010		1130		37401	490		590		740		1010		1130	
37402	400		480		600		820		920		37403	400		480		600		820		920	
37404	460		550		690		940		1060		37405	510		610		760		1030		1160	
37406	420		510		630		860		970		37407	510		620		770		1050		1180	
37408	400		480		600		820		920		37409	480		580		720		980		1100	
37410	410		490		610		830		930		37411	460		550		690		940		1060	
37412	490		590		730		990		1120		37414	490		590		740		1010		1130	
37415	480		580		720		980		1100		37416	530		640		800		1090		1230	
37419	450		540		670		910		1030		37421	530		640		800		1090		1230	
37422	490		590		740		1010		1130		37424	490		590		740		1010		1130	
37450	490		590		740		1010		1130												

The Housing Authority of the City of Laredo

ZIP Codes	0	BR	1	BR	2	BR	3	BR	4	BR	ZIP Codes	0	BR	1	BR	2	BR	3	BR	4	BR
78040	470		510		640		840		870		78041	580		630		790		1040		1070	
78043	530		570		720		950		980		78045	690		740		930		1220		1260	
78046	520		560		700		920		950												